



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri. P J Thomas**  
**Regional Director**

Date: June 01, 2018  
**C.A. BGL 283/2018**

In the matter of

**M/s CreditAccess Grameen Limited**  
New No.49 (Old No.725), 46<sup>th</sup> Cross  
8<sup>th</sup> Block, Jayanagar  
Bengaluru - 560071  
**(Applicant)**

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999, and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

### **ORDER**

The applicant has filed a compounding application dated January 18, 2018, received at this Office of the Reserve Bank of India, Bengaluru, on January 19, 2018, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the Regulations issued there under. The contraventions sought to be compounded are, (i) delay in reporting receipt of foreign inward remittances towards subscription to equity, and (ii) delay in submission of Form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of paragraphs 9(1)(A) and 9(1)(B), respectively, of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide Notification No. FEMA 20/2000-RB dated May 03, 2000, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant, M/s CreditAccess Grameen Limited, was originally incorporated as M/s Sanni Collection Private Limited on June 12, 1991, under the Companies Act, 1956, as per the certificate of incorporation issued by the Registrar of Companies, West Bengal. Subsequently name of the company has been changed as M/s Grameen Financial Services Private Limited with effect from March 14, 2008, under the Companies Act, 1956. Later the company shifted their registered office from the State of West Bengal to Karnataka, with effect from April 29, 2010, as per the Certificate of Registration of Company Law Board order for change of States issued by the Registrar of Companies, Karnataka. Subsequently the company name changed again to M/s Grameen Koota Financial Services Private Limited with effect from November 13, 2014, under the Companies Act, 2013 and once again the name changed to M/s Grameen Koota Financial Services Limited with effect from December 18, 2017, and again to M/s CreditAccess Grameen Limited with effect from January 12, 2018, as per the certificate of incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of providing financial services and micro finance services (mainly the Non-banking financial services as permitted by Reserve Bank of India). The applicant had received funds towards share application money from foreign investors, namely, M/s Aavishkaar Goodwell India Microfinance Development Company, Mauritius, M/s Microventures Investments SCA SICAR, Luxembourg, M/s Microventures SPA, Italy, M/s IIM Impulse 2, Mauritius, M/s Creation Investments Social Ventures Fund II LP, USA, M/s Microventures Asia BV, Netherlands, and M/s Credit Access Asia NV, Netherlands, as shown below:

**Table -1**

| <b>Sr. No.</b> | <b>Date of Receipt</b> | <b>Total Amount (INR)</b> | <b>Date of Reporting to RBI / AD Bank</b> |
|----------------|------------------------|---------------------------|---|
| 1              | 28-03-2008             | 5,50,00,000.00            | 11-12-2008                                |
| 2              | 31-03-2008             | 3,70,00,000.00            | 11-12-2008                                |
| 3              | 02-04-2009             | 2,10,00,000.00            | 21-04-2009                                |
| 4              | 16-05-2009             | 40,00,000.00              | 26-05-2009                                |
| 5              | 30-11-2009             | 7,49,98,950.00            | 21-01-2010                                |



|    |              |                         |            |
|----|--------------|-------------------------|------------|
| 6  | 30-11-2009   | 750,00,000.00           | 21-01-2010 |
| 7  | 02-12-2009   | 10,00,00,000.00         | 21-01-2010 |
| 8  | 22-02-2013   | 37,50,00,000.00         | 23-02-2015 |
| 9  | 26-02-2013   | 53.90                   | 23-02-2015 |
| 10 | 25-02-2013   | 11,65,74,930.15         | 23-02-2015 |
| 11 | 26-02-2013   | 4,31,631.20             | 23-02-2015 |
| 12 | 22-02-2013   | 4,00,00,000.00          | 26-02-2013 |
| 13 | 28-03-2014   | 80,00,00,039.22         | 22-04-2014 |
| 14 | 19-03-2015   | 12,27,49,440.00         | 15-04-2015 |
| 15 | 26-03-2015   | 107,72,50,560.00        | 15-04-2015 |
| 16 | 12-05-2016   | 18,93,62,500.00         | 09-06-2016 |
| 17 | 12-05-2016   | 12,12,75,000.00         | 09-06-2016 |
| 18 | 12-05-2016   | 18,93,62,500.00         | 10-06-2016 |
| 19 | 15-06-2016   | 7,53,15,000.00          | 17-07-2016 |
| 20 | 15-06-2016   | 17,46,84,999.76         | 17-07-2016 |
| 21 | 27-06-2016   | 19,02,98,750.00         | 20-07-2016 |
| 22 | 27-06-2016   | 5,97,01,250.36          | 20-07-2016 |
| 23 | 27-03-2017   | 250,00,00,000.00        | 27-04-2017 |
| 24 | 01-11-2017   | 110,00,00,041.00        | 09-11-2017 |
|    | <b>Total</b> | <b>749,90,05,645.59</b> |            |

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from one day to one year and eleven months approximately, beyond the stipulated period of 30 days, in respect of remittances as indicated at serial numbers 1, 2, 5 to 11, 19, 20 and 23 in the Table-1 above. Whereas, in terms of paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations, should report to the Reserve Bank of India, as per the prescribed procedure, not later than 30 days, from the date of receipt of the amount of consideration.

3. The company allotted shares and filed Form FC-GPRs with Reserve Bank/AD Bank as indicated below:



**Table-2**

| <b>Sl. No.</b> | <b>Date of Allotment</b> | <b>Amount (INR)</b>     | <b>Date of reporting to RBI/AD Bank</b> |
|----------------|--------------------------|-------------------------|---|
| 1              | 14-05-2008               | 9,20,00,000.00          | 11-12-2008                              |
| 2              | 06-04-2009               | 2,10,00,000.00          | 04-05-2009                              |
| 3              | 25-05-2009               | 40,00,000.00            | 12-06-2009                              |
| 4              | 09-12-2009               | 24,99,99,981.00         | 21-10-2010                              |
| 5              | 26-02-2013               | 53,19,99,972.00         | 23-02-2015                              |
| 6              | 29-03-2014               | 80,00,00,040.00         | 06-06-2014                              |
| 7              | 26-03-2015               | 120,00,00,000.00        | 23-04-2015                              |
| 8              | 12-05-2016               | 49,99,99,990.00         | 10-06-2016                              |
| 9              | 17-06-2016               | 24,99,99,995.00         | 17-07-2016                              |
| 10             | 27-06-2016               | 24,99,99,995.00         | 20-07-2016                              |
| 11             | 27-03-2017               | 249,99,99,992.00        | 09-05-2017                              |
| 12             | 01-11-2017               | 110,00,00,041.00        | 01-12-2017                              |
|                | <b>Total</b>             | <b>749,90,00,006.00</b> |   |

The applicant filed the Form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from thirteen days to one year ten months and twenty six days approximately, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1, 4, 5, 6 and 11 in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations, has to submit to Reserve Bank of India, a report in Form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India.

The applicant, had earlier applied for compounding of contravention for converting the dividend due on the preference shares into 28409 equity shares, without the prior approval of Foreign Investment Promotion Board (FIPB), Ministry of Finance and had delayed the filing of Form FCGPR, for the issue of 28409 equity shares on December 09, 2009. The applicant has been



compounded vide Reserve Bank's order No. C.A.2286/2012 dated August 17, 2012, for the aforesaid contraventions.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.FE.BG.FID (CEFA) No.4567/22.07.714/2017-18 dated May 25, 2018, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Udaya Kumar Hebbar, Managing Director & CEO, Mr. Syam Kumar, Company Secretary, and Ms. Darshana Kothari, AGM-Secretarial, who appeared for the personal hearing on June 01, 2018, admitted the contraventions as stated in Paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not wilful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, they requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

5. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity, as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.358,40,05,565.01**, and the period of delay ranges from one day to one year and eleven months approximately; and

(b) Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPRs to the Reserve Bank, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs.417,39,99,985.00**, and



the period of delay ranges from thirteen days to one year ten months and twenty six days approximately.

6. It has been declared in the compounding application dated January 18, 2018, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking dated January 18, 2018, furnished with the compounding application that the applicant was not under any enquiry/investigation/ adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded in this order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

7. In terms of Section 13 of the FEMA, any person contravening any provision of the Act, shall be liable to a penalty up to thrice the sum involved in such contravention, upon adjudication. However, taking into account the relevant facts and circumstances of the case, as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contraventions are to be compounded, and I consider that an amount of **Rs.9,06,840.00 (Rupees Nine Lakh Six Thousand Eight Hundred and Forty only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.9,06,840.00 (Rupees Nine Lakh Six Thousand Eight Hundred and Forty only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8,



Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, within a period of 15 days, from the date of this order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000, shall apply.

The application is disposed of accordingly.

Dated this, the First day of June, 2018.

**Sd/-**

**(P J Thomas)**  
**Regional Director**